
USE THIS FORM IF YOU ARE TRYING TO...

RETIREMENT FORMS:

<u>If You Are Trying To:</u>	<u>Use This Form</u>
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Enrollments & Waivers

Enroll a new employee in the Defined Benefit Plan	New Hire Kit SFN 54360
Enroll a temporary/part-time employee in the Defined Benefit Plan	New Hire Kit SFN 54360
Switch an employee from mandatory participation to optional participation and employee is continuing participation in the Defined Benefit Plan	Notice of Status or Employment Change SFN 53611 & New Hire Kit SFN 54360
Switch an employee from mandatory participation to optional participation and employee is electing NOT to continue to participate in the Defined Benefit Plan	Agreement/Waiver of Participation for Optional Retirement SFN 17627 & Notice of Status or Employment Change SFN 53611
Switch an employee from optional participation to mandatory participation in the Defined Benefit Plan	New Hire Kit SFN 54360
Waive participation in the Defined Benefit Plan for an elected official	Waiver of Membership for Elected Officials Only SFN 53405
Waive participation for a new temporary/part-time employee	New Hire Kit SFN 54360
Waive participation for reemployed PERS retiree.	Retirement Plan Membership Waiver SFN 54286
Enroll a new employee in the National Guard/Law Enforcement Retirement Plan	National Guard/Law Enforcement Retirement Membership Application SFN 17874 & New Hire Kit SFN 54360
Enroll a new employee in the Highway Patrol Retirement Plan	Highway Patrol Retirement Membership Application SFN 16914 & New Hire Kit SFN 54360

Designations & Changes

Name beneficiaries to receive retirement benefits in the event of an employee's death	New Hire Kit SFN 54360
Change a beneficiary for retirement benefits	Designation of Benefit for the Group Retirement Plan SFN 2560
Report a name, marital, or address change	Notice of Change SFN 10766
Report a leave of absence, leave of absence extension, or return from leave of absence	Notice of Status or Employment Change SFN 53611
Report an employee's classification change within agency	Notice of Status or Employment Change SFN 53611
Report an employee transferring to another PERS participating agency	Notice of Transfer Kit SFN 53728
Transfer an employee's membership in the Defined Benefit Plan to TIAA-CREF	Notice of Membership Transfer SFN 50084

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Reporting

Send employer and employee retirement contributions to PERS	Transmittal of Deduction SFN 51414
Send employee contributions for part-time employees to PERS	Part time/Temporary Transmittal of Deduction SFN 51415
Notify PERS of a change in who is paying the 4% employee contribution and how it is being taxed	Employer Payment Plan SFN 52799
Notify PERS of an employees irregular salary or missed deposit	Notice of Irregular Salary or No Deposit SFN 53707

Previous Service & Purchases

Notify PERS of an employee's previous public employment that may be counted as credited service for retirement purposes	Record of Previous Public Service SFN 17028
Verify Previous Out-of-State or Federal Retirement Service	Verification of Out-of-State or Federal Retirement Credit SFN 19397
Initiate purchase information for a Defined Benefit Plan employee	NDPERS Request for Purchase Information SFN 53718
Initiate purchase information on active military duty for a Defined Benefit Plan employee	Purchase Agreement for USERRA Covered Military Active Duty SFN 17758
Verify the amount of employee contributions paid by a reservist that may require the employer to refund	Verification of Employee Contributions Towards USERRA Active Military Duty SFN 54361

Separation of Employment

Notify PERS of an employee's separation of employment (for all circumstances)	Notice of Status or Employment Change SFN 53611
Initiate a refund of a terminating employee's Defined Benefit Plan	Refund/Rollover Kit SFN 53725
Initiate a direct rollover of a terminating employee's Defined Benefit Plan	Refund/Rollover Kit SFN 53725
Initiate a deferred retirement benefit for a terminating employee's Defined Benefit Plan	Deferred Retirement Kit SFN 53724
Initiate a retirement benefit for a terminating employee's Defined Benefit Plan	Retirement Kit SFN 53723
Provide retirement benefits for a surviving spouse	Application for Surviving Spouse Benefits SFN 52254
Initiate a disability retirement benefit for a terminating employee's Defined Benefit Plan	Disability Retirement Kit SFN 53726
Initiate Direct Deposit for a refund for a terminating Defined Benefit Plan employee	Refund/Rollover Kit SFN 53725
Initiate Direct Deposit for a retirement benefit for a terminating Defined Benefit Plan employee	Retirement Kit SFN 53723
Initiate Direct Deposit for a disability benefit for a terminating Defined Benefit Plan Employee	Disability Retirement Kit SFN 53726

Miscellaneous

Notify PERS of a replacement, addition, or new appointment of an authorized agent	Notice of Appointment of Authorized Agent SFN 17029
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DEFINED BENEFIT RETIREMENT MEMBERSHIP APPLICATION

SFN 2561

All instructions, terms and conditions are in the NDPERS New Hire Kit SFN 54360.

The Defined Benefit Retirement Membership Application for the Defined Benefit Program SFN 2561 is the form used to enroll new employees in the Defined Benefit plan. **THIS FORM MUST BE RECEIVED BEFORE CONTRIBUTIONS WILL BE ACCEPTED.** For Non-Classified State employees who are electing to join the Defined Contribution plan, a Defined Contribution Retirement Election SFN 52170 must be sent to the NDPERS' office. (See the **Defined Contribution Retirement Plan section**) For employees transferring from one participating agency to another use the Notice of Transfer Kit SFN 53728.

The information from the Defined Benefit Retirement Membership Application SFN 2561 must be received before retirement contributions can be credited. Please send this information to NDPERS by the end of the month for which they are being enrolled.

NOTE: A Designation of Beneficiary for the Group Retirement Plan, SFN 2560, should accompany the Defined Benefit Retirement Membership Application SFN 2561. **HOWEVER, DO NOT DELAY SENDING THE EMPLOYEE MEMBERSHIP APPLICATION IF YOU DON'T HAVE ALL OF THE INFORMATION REQUIRED FOR THE DESIGNATION OF BENEFICIARY FORM.** It is more important for NDPERS to get the Defined Benefit Retirement Membership Application SFN 2561--the Designation of Beneficiary may be sent later.

FILING PROCEDURE: Original to NDPERS – Please retain a photocopy for your records.

**NATIONAL GUARD/LAW ENFORCEMENT RETIREMENT MEMBERSHIP
APPLICATION**
SFN 17874

**The National Guard/Law Enforcement Retirement Membership Application is the form
used to enroll new employees in the National Guard/Law Enforcement Retirement plan.
THIS FORM MUST BE RECEIVED BEFORE CONTRIBUTIONS WILL BE ACCEPTED.**

For instructions on completing the form, please refer to the back of the form.

ELIGIBILITY

If the employee is a North Dakota Air National Guard, Security Police and Firefighter with a participating state agency he/she is eligible to participate in NDPERS National Guard/Law Enforcement Defined Benefit Plan or the Defined Contribution Plan.

If the employee is a Correctional or Peace officer of a participating political subdivision he/she is eligible to participate in NDPERS National/Guard Law Enforcement Defined Benefit Plan.

Mandatory Participation Requirements

If an employee works a minimum of 32 hours per week for 20 or more weeks of the year, is at least eighteen years of age, filling a permanent position that is regularly funded and not of limited duration, and are a classified state employee, he/she must participate in the defined benefit plan unless you waived participation in writing when your employer joined NDPERS.

If the employee is a member of the North Dakota Air National Guard, Security Police and Firefighters, he/she must participate in the National Guard/Law Enforcement Plan unless he/she elects in writing to participate in the Defined Contribution plan within six (6) months of entering a non-classified service. [Refer to the defined contribution plan section for details regarding that system.]

An employee should be enrolled the first month of eligible employment, even when hired subject to a probationary period. There is no maximum age limit applicable for enrollment purposes.

Exception: Correctional officers of a participating political subdivision must complete a course approved by the North Dakota Department of Correction and Rehabilitation and be employed by a correctional facility as defined in the North Dakota Century Code Chapter 12-44.1.

If a correctional officer has not completed an approved course then the following applies:

1. Upon a group's initial enrollment in the Law Enforcement Plan, correctional officers not certified will remain in the Defined Benefit plan or current employer sponsored plan until such a time that they become certified. Once certified, the correctional officer will be given 30 days to either elect to join or waive participation in the Law Enforcement plan. If no election is made, the correctional officer will remain a member of the Defined Benefit or employer sponsored retirement plan.
2. All correctional officers hired after the date a group adopts the Law Enforcement retirement, upon completion of the certification, must be enrolled in the Law Enforcement plan.

The information from the National Guard/Law Enforcement Retirement Membership Application SFN 17874 must be received before retirement contributions can be credited. Please send this information to NDPERS by the end of the month for which they are being enrolled.

NOTE: A Designation of Beneficiary for the Group Retirement Plan, **SFN 2560**, should accompany the National Guard/Law Enforcement Retirement Membership Application SFN 17874. **HOWEVER, DO NOT DELAY SENDING THE MEMBERSHIP APPLICATION IF YOU DON'T HAVE ALL OF THE INFORMATION REQUIRED FOR THE DESIGNATION OF BENEFICIARY FORM.** It is more important for NDPERS to get the National Guard/Law Enforcement Retirement Membership Application SFN 17874--the Designation of Beneficiary SFN 2560 may be sent later.

FILING PROCEDURE: Original to NDPERS – Please retain a photocopy for your records.

**NORTH DAKOTA HIGHWAY PATROL RETIREMENT MEMBERSHIP
APPLICATION**
SFN **16914**

The North Dakota Highway Patrol Retirement Membership Application is the form used to enroll new employees in the Highway Patrol Retirement plan. THIS FORM MUST BE RECEIVED BEFORE CONTRIBUTIONS WILL BE ACCEPTED.

For instructions on completing the form, please refer to the back of the form.

Mandatory Participation Requirements

Each member of the Highway Patrol, including the superintendent and assistant superintendent, must participate in the Highway Patrol Retirement System.

The information from the North Dakota Highway Patrol Retirement Membership Application SFN **16914 must be received before retirement contributions can be credited. Please send this information to NDPERS by the end of the month for which they are being enrolled.**

NOTE: A Designation of Beneficiary for the Group Retirement Plan, SFN **2560**, should accompany the North Dakota Highway Patrol Retirement Membership Application SFN 16914. **HOWEVER, DO NOT DELAY SENDING THE MEMBERSHIP APPLICATION IF YOU DON'T HAVE ALL OF THE INFORMATION REQUIRED FOR THE DESIGNATION OF BENEFICIARY FORM.** It is more important for NDPERS to get the North Dakota Highway Patrol Retirement Membership Application SFN 16914--the Designation of Beneficiary SFN 2560 may be sent later.

FILING PROCEDURE: Original to NDPERS – Please retain a photocopy for your records.

**AGREEMENT/WAIVER OF PARTICIPATION FOR DEFINED BENEFIT
OPTIONAL RETIREMENT PLAN**
SFN 17627

All instructions, terms and conditions are in the NDPERS New Hire Kit SFN 54360.

This form must be completed within the first six- (6) months of hire for all temporary and part-time employees who do not qualify for mandatory participation. See member handbook for definition of mandatory participation. It must also be completed for an employee whose job status is changing from permanent employment to temporary/part-time employment to indicate whether they will participate or decline to participate in the retirement plan. Failure to enroll in NDPERS will result in an irrevocable waiver of participation.

For instructions on completing the form, please refer to the back of the form.

1. A part-time/temporary employee may not participate in NDPERS as an optional participant if he/she is actively contributing to another employer sponsored pension plan (public or private).

FAILURE TO COMPLETE THIS FORM COULD LEAVE THE EMPLOYER VULNERABLE TO LEGAL ACTION.

FILING PROCEDURE: Original to NDPERS – Please retain a photocopy for your records.

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WAIVER OF MEMBERSHIP FOR ELECTED OFFICIALS ONLY
SFN 53405

An elected official choosing not to join NDPERS should complete the Waiver of Membership SFN 53405. The Waiver of Membership SFN 53405 will remain in effect for any subsequent terms unless NDPERS is notified otherwise. An elected official can elect to participate in NDPERS upon re-election.
Failure to enroll in NDPERS will result in an irrevocable waiver of participation.

FILING PROCEDURE: Original to NDPERS – Please retain a photocopy for your records.

RETIREMENT PLAN MEMBERSHIP WAIVER

SFN 54286

This form must be completed NO EARLIER than 31 days after a severance of employment.

An employee who is eligible for normal retirement and who accepts a retirement benefit becomes reemployed with a PERS participating employer other than the employer with which the employee was employed at the time the employee retired may, before reenrolling in the retirement plan, elect to permanently waive future participation in the Defined Benefit or Defined Contribution plan and the retiree health insurance credit program. An employee making this election is not required to make any future employee contributions to PERS nor is the employer required to make any further contributions on behalf of that employee.

Under N.D.C.C. 54-52-01(8), a "Governmental unit" means the state of North Dakota, except the highway patrol for members of the retirement plan created under chapter 39-03.1, or a participating political subdivision thereof. Therefore, North Dakota state agencies are considered one employer group and any member retiring with one state agency and becoming reemployed with another state agency **would not be eligible** for the provisions of HB 1266. The following retired members may be eligible for the provisions of HB 1266:

<u>Past Employer</u>	to	<u>New Employer</u>
State		Political Subdivision
Political Subdivision		State
Political Subdivision		Political Subdivision

Each retired member that becomes reemployed who is eligible to decline future participation in the PERS defined benefit/defined contribution plan will be required to complete a "Retirement Plan Membership Waiver SFN 54286". **This form will only be available upon request from PERS and only after an employee's return to work has been reviewed.**

If a waiver of membership is received prior to reemployment, the retiree will be sent confirmation and notice that his/her retirement benefit payments will not be suspended nor will they receive retirement credit for subsequent employment.

If a retirement membership application is received, PERS will research the retiree's age, if the retiree retired on or after their normal retirement date, he/she will be contacted. The retiree will be given 30 days to waive enrollment in the defined benefit/defined contribution plan and continue receiving retirement benefit payments with no future contributions.

If PERS staff receives retirement contributions without an enrollment or waiver on file, the reemployed retiree's age will be researched. If the retiree retired on or after his/her normal retirement date, the contributions will be suspended and the retiree will be contacted. The member will be given 30 days to either waive or enroll in the defined benefit/defined contribution plan.

If a retiree, under either of the above scenarios, does not respond within 30 days, the default will be to enroll the retiree as an active participant in the defined benefit/defined contribution plan and contributions will be posted accordingly. The member will be sent notice that his/her retirement benefit payments will be suspended and a second account established. Upon termination of employment, the accounts will be combined and retirement benefit payments will resume.

For instructions on completing the form, please refer to the back of the form.

FAILURE TO COMPLETE THIS FORM COULD LEAVE THE EMPLOYER VULNERABLE TO LEGAL ACTION.

FILING PROCEDURE: Original to NDPERS – Please retain a photocopy for your records.

DESIGNATION OF BENEFICIARY FOR THE GROUP RETIREMENT PLAN

SFN 2560

The Designation of Beneficiary form is used to designate beneficiaries for retirement benefits. The form must be completed and returned to NDPERS along with the Defined Benefit Retirement Membership Application **SFN 2561** when enrolling a new employee. This form is included in the New Hire Kit **SFN 54360** but should also be used when an employee previously enrolled in the plan wishes to update a beneficiary election.

For **FURTHER** instructions on completing the form, please refer to the back of the form.

PART A: EMPLOYEE INFORMATION

TO BE COMPLETED BY THE EMPLOYEE

1. Enter all employee information as requested.
2. Enter spouse's name and social security number, if applicable.

Designation of a primary beneficiary other than a spouse or in addition to the spouse is subject to the regulations set forth in Part D of the form.

PART B: PRIMARY BENEFICIARY DESIGNATION

1. List the name(s) of each primary beneficiary.
2. Indicate the beneficiary's relationship to the member, beneficiary's social security number, birth date, percent of shares designated, and address. **NOTE: If the primary beneficiary's social security number, date of birth, or designated percentage is not provided, the form will be returned.**

PART C: CONTINGENT (SECONDARY) BENEFICIARY DESIGNATION

1. The member may designate contingent beneficiaries who will receive the benefits if the primary beneficiary(ies) predeceases the member. Enter all information as requested. Shares for all contingent beneficiaries must equal 100%.

2. The member must sign and date the form. The member's signature must reflect the name as entered in Part A. The designation will be effective when received and executed by the NDPERS office.

PART D: SPOUSAL CONSENT

1. Under North Dakota law, if a member designates a primary beneficiary other than a spouse or in addition to the spouse, the spouse must consent to this designation by signing and dating this section of the form. If spousal consent is not given, notification will be sent to the employee along with a copy of the applicable law.
2. If spouse's consent is given and if a member's primary beneficiary election is someone in addition to or in lieu of a spouse, there is no monthly pre-retirement death benefit provision.

FILING PROCEDURE: Original to NDPERS – Please retain a photocopy for your records.

NDPERS REQUEST FOR PURCHASE INFORMATION **SFN 53718**

This form should be used to notify NDPERS that an employee is interested in receiving information about the cost to purchase eligible service credit. The form also allows the employee to indicate if they are interested in paying for the purchase by utilizing a rollover/transfer of funds from an eligible source.

Eligible types of service to be purchased may include:

- Additional Service Credit/Generic Credit
- Leave of Absence/Seasonal Months
- Legislative Service
- Active Duty Military Service
- Previous Public Employment
- Unused Sick Leave Upon Termination

For questions about eligible types of service to be purchased, please refer the employee to the **Provisions for the Purchase of Service Credit and Conversion of Unused Sick Leave** brochure or the NDPERS office at (800) 803-7377.

For instructions on completing the form, please refer to the back of the form.

PURCHASE AGREEMENT FOR USERRA COVERED MILITARY ACTIVE DUTY

SFN 17758

This form should be used to notify NDPERS that an employee has returned from active military duty that interrupted NDPERS covered employment and is interested in receiving information about the cost to purchase the months missed during the approved leave of absence. A copy of the employee's DD214 or NGB22 Discharge Form is also required to verify the interruption of service qualifies under the Uniform Services Employment and Re-employment Rights Act (USERRA).

USERRA's Impact on the Defined Benefit Plan

A leave of absence form (Notice of Status or Employment Change **SFN 53611**) **must** be completed indicating the date the member leaves active employment. This form should also be completed to notify NDPERS of the member's return to employment from active duty.

Upon return from active duty, the member may be entitled to have their credit while on active duty recognized by NDPERS for vesting in retirement benefits, the PEP vesting schedule and benefit eligibility purposes (i.e. meeting the Rule of 85/Rule of 80). A reservist should make application to NDPERS by submitting a written request for the above along with a photocopy of their DD214 form.

In addition, a returning reservist has the option to purchase the service credit not accrued during the leave for the purpose of determining benefit calculation. Retirement credit may be granted for this purpose upon proper documentation and receipt of past contributions.

If application is made to the employer, then the employer is required to pay the employer portion of the retirement contributions in a lump sum on behalf of a reservist. The employer is also required to pay any portion of the employee contribution in the same manner that it would have been paid had the reservist not been activated. If the employer does not pay any or all of the employee contribution on behalf of its employees, then the reservist is required to pay the employee contribution in order to receive the service credit.

The salary to be used in determining the cost to receive the credit must be based on the salary that would have accrued had the reservist not been called into active duty, rather than the salary the reservist is earning at the time of inquiry. If the salary can not be determined, then the employee's average rate of compensation during the 12-month period immediately preceding their call to active duty should be used. The following applies to the payment of purchased credit:

- 1) The timeframe that the reservist has to pay any required employee contributions to the plan is 3 times the period of active duty or 5 years, whichever is less. If the reservist does not apply and/or purchase during this timeframe, then USERRA no longer applies. The reservist would have to pay an actuarial cost to receive the service credit.
- 2) If a reservist chooses to make installment payments to the plan to purchase the service, the plan can not charge interest on the unpaid balance.
- 3) If the reservist chooses to purchase the service and begins payment, PERS will send a billing to the present employer for the required employer contributions. These contributions must be paid by the employer in a lump sum. As part of this billing, if any of the employee contributions are employer paid, they will be included.

Upon receipt of the Purchase Agreement for USERRA Covered Military Active Duty **SFN 17758**, PERS will compute the cost for the reservist to receive the credit and will send written notification to the reservist and/or the employer.

For instructions on completing the form, please refer to the back of the form.

FILING PROCEDURE: Original to NDPERS – Please retain a photocopy for your records.

**VERIFICATION OF EMPLOYEE CONTRIBUTIONS TOWARDS
USERRA ACTIVE MILITARY DUTY
SFN 54361**

The Verification of Employee Contributions Towards USERRA Active Military Duty SFN 54361 should be used to verify the amount of employee contributions paid by an individual that may be the responsibility of the employer to pay as a result of NDCC 54-52-17.14 (Main) or 39-03.1-10.3 (HP).

As a result of legislation, an employer is responsible for refunding employee contributions to a reservist who submitted payment to NDPERS to obtain USERRA covered active military duty if the employer would have paid the contributions on behalf of the individual had they not been activated. The law is retroactive to October 1, 1994.

The employee must complete Part A to authorize the sharing of this type of information between the employer and NDPERS.

1. The employer must complete Part B to provide NDPERS with notification of the reservist and employers intent. Also, they must answer the questions in Part B to assist NDPERS with determining if the provisions of NDCC 54-52-17.14 or 39-03.1-10.3 apply.

2. Upon receipt, NDPERS will review the member record and will complete Part C. A copy of the completed verification form will be provided to the member and the employer.
3. The employer is responsible for refunding the returning reservist based on the information provided by NDPERS.

RECORD OF PREVIOUS PUBLIC EMPLOYMENT

SFN 17028

The Record of Previous Public Employment is used to verify previous N.D. public employment, when employment dates require documentation at NDPERS.

An employee must meet the following criteria to be eligible to claim previous public employment:

- **Must have** been employed by a N.D. state agency or political sub-division.
- **Must be** at least 18 years of age.
- **Must have** been in a full-time position--i.e., the employee worked at least 20 hours a week for at least 20 weeks in employment year.
- **Must have** been in a permanent position--i.e., regularly funded and not of limited duration.

For instructions on completing the form, please refer to the back of the form.

VERIFICATION OF OUT-OF-STATE OR FEDERAL RETIREMENT CREDIT

SFN 19397

The Verification of Out-of-State or Federal Retirement Credit form is used to verify previous out-of-state public employment or previous service with the Federal Government.

An employee must meet the following criteria to be eligible to claim previous public employment:

- **Must have** been employed by a state agency, political subdivision, or the Federal Government.
- **Must be** at least 18 years old.
- **Must have** been in a full-time position--i.e., the employee worked at least 20 hours a week for at least 20 weeks in employment year.
- **Must have** been in a permanent position--i.e., regularly funded and not of limited duration.

For instructions on completing the form, please refer to the back of the form.

NOTICE OF CHANGE

SFN 10766

This form is to be completed to notify NDPERS of:

- Name change
- Address change
- Marital Status change
- Change in Dependent status
- FlexComp Election change

Whenever the Notice of Change SFN 10766 is completed and sent to NDPERS, the accuracy of the information **must be certified by the authorized agent or the member and the form must be dated. If someone other than the authorized agent or member signs the form, **it will be returned for the proper signature.****

For **FURTHER** instructions on completing the form, please refer to the back of the form.

1. Complete a marital status change whether there is a name change or not.
2. In cases of marital status change, it is necessary that the member complete a new Designation of Beneficiary **SFN 2560**.
3. The authorized agent or the member **must** sign Part E for this form to be valid.
4. See the FlexComp Plan and the Group Insurance Sections for further details.

FILING PROCEDURE: Original to NDPERS – Please retain a photocopy for your records.

NOTICE OF TRANSFER

SFN 53706

All instructions, terms and conditions are in the NDPERS Notice of Transfer Kit SFN 53728.

If the employee will not begin employment with a new participating agency within 31 days from the date of employee's last regular pay check with your agency, a separation of employment kit must be completed by both the employee and the authorized agent.

Administrative Code Chapter 71-02-01-01(24): "Termination of employment" means a severance of employment by not being on the payroll of a covered employer for a minimum of one month. Approved leave of absence does not constitute termination of employment.

Often employees will terminate their position with an employer participating in NDPERS and take a job with another employer who is also participating in NDPERS ([NDPERS Participating Employer Groups](#)). Please note, if you have an employee who is transferring into or out of your agency during the month, it is required that you make a contribution for the partial month. Therefore, NDPERS will receive contributions from both employers during the month that the transfer occurs.

1. Retirement service record will transfer if new employer participates with PERS.
2. If employee transfers employment from one participating employer to another participating employer without terminating eligible employment, PERS will record unused sick leave of a participating member if the new employer certifies that it will not transfer that leave. The certification must include documentation from the previous employer detailing the number of hours of sick leave. PERS must receive the certification within sixty days from the date the member begins employment with the new employer.
3. In recognition of the fact that the current employer may not be aware of the circumstances regarding a departing employee's employment plans and subsequently a new employer will not receive any transfer information, NDPERS has developed a series of scenarios along with the required administrative procedures to follow depending on the particular situation.
These procedures are designed to ensure transfers are processed consistently based on "what the employer knows at the time of separation of employment."

Situation: **Current employer knows the employee is transferring to another covered employer:**

1. Complete the Notice of Transfer Kit **SFN 53728**, which contains the NOTICE OF

TRANSFER FORM

2. Send the NOTICE OF TRANSFER FORM to the new employer

Situation: **Current employer has no knowledge that terminating employee is transferring to another covered employer:**

1. Current employer and employee completes the appropriate separation of employment kit
2. Send the complete kit to PERS
3. PERS will process accordingly in absence of any other information.

Situation: **New employer receives a Notice of Transfer SFN 53706 from a participating employer.**

1. Do not have transferring employee complete new enrollment forms for plans indicated in Part C of the NOTICE OF TRANSFER FORM
2. Set up employee with benefits according to information provided in Part C of the NOTICE OF TRANSFER FORM
3. Have employee complete enrollment forms for programs not previously enrolled in through previous employer
4. Submit any enrollment forms to PERS

Situation: **New employer is not aware a new employee is a transfer from another participating employer. Previous employer processed as a separation of employment and employee does not provide the information.**

1. Have new employee complete all required enrollment forms
2. Send the enrollment forms to PERS
3. If there is an existing record, and the hire date is within 31 days of separation from previous employer, PERS will notify you that employee is a transfer from another participating employer and will:
 - a. Void the enrollment forms for any programs that employee previously participated in.
 - b. Complete Parts A-D of the Notice of Transfer form and send it to new employer.
 - c. Employer will set up benefit record according to information provided in Part C of the NOTICE OF TRANSFER FORM
 - d. Employer must complete Parts E and F on the NOTICE OF TRANSFER FORM and return it to PERS

Situation: **New employer is aware a new employee is a transfer but previous employer treated as a separation of employment and did not complete a NOTICE OF TRANSFER FORM**

1. Complete Parts A, E, and F of the NOTICE OF TRANSFER FORM
2. Send the NOTICE OF TRANSFER FORM to PERS
3. If hire date is within 31 days of separation from previous employer, PERS will complete Part C based on existing record and return the form to the new employer
4. Have employee complete enrollment forms for programs not previously enrolled in through previous employer
5. Employer will set up the benefit record accordingly

See the FlexComp Plan and the Group Insurance Sections for further details.

For FURTHER instructions on completing the form, please refer to the back of the form.

FILING PROCEDURE: Original to NDPERS – Please retain a photocopy for your records.

NOTICE OF MEMBERSHIP TRANSFER TO TIAA-CREF
SFN 50084

(This form only applies to state colleges, universities,
and certain positions in the N.D. Department of Higher Education.)

If an employee is switching his or her membership from NDPERS to TIAA-CREF, the Notice of Membership Transfer to TIAA-CREF SFN 50084 must be completed. The authorized agent and the employee must complete this form.

If an employee is transferring in from another participating agency and was covered under NDPERS and now will be covered under TIAA-CREF, the new agency must follow the above procedures.

For instructions on completing the form, please refer to the back of the form.

FILING PROCEDURE: Original to NDPERS – Please retain a photocopy for your records.

NOTICE OF STATUS OR EMPLOYMENT CHANGE

SFN 53611

This form is to be completed to notify NDPERS of:

- Employee leave of absence/leave without pay
- Extending leave of absence/leave without pay
- Employee's return from leave of absence
- Employee classification change within agency
- Employee's reduction in hours/change from permanent to part-time/temporary
- Employee's separation from employment

This form is to be completed by the employer when the employee has a change in employment status. (Instructions and conditions are also listed on the other side of this form).

PART B: CHANGE OF STATUS

LEAVE OF ABSENCE

1. NDPERS must be notified whenever an employee is taking a leave without pay and the reason for the leave.
2. A leave of absence cannot exceed one year without being recertified. If an employee is taking an unpaid leave in excess of two years, the employee's membership in NDPERS should be terminated unless the leave is due to an interruption of covered employment due to military activation. However, since the employee has not separated employment with the employer, the employee is not entitled to a distribution of their retirement benefits.
3. NDPERS must be notified of a return from leave prior to the employer resuming retirement contributions for the employee.

CLASSIFICATION CHANGE

1. Often employees will change their position within the employer group. This may affect their eligibility for benefits, as well as, how the employee is reported to NDPERS.

REDUCTION IN HOURS OR PERMANENT TO PART-TIME/TEMPORARY

If notifying PERS of an employee's change from permanent to temporary service, this form must be accompanied by Agreement/Waiver of Participation for Defined Benefit Optional Participants **SFN 17627**.

PART C: SEPARATION OF EMPLOYMENT

1. If an employee is leaving the employer's service due to Termination (pre-retirement), Retirement, Long-Term Disability, or Death, this form is in one (1) of 5 PERS separation of employment kits. A PERS separation of employment kit includes all necessary forms the employer and employee are required to complete.

The employer or employee may obtain the following Kits:

- Refund/Rollover **SFN 53725**
- Deferred Retirement **SFN 53724**
- Disability Retirement Kit **SFN 53726**
- Retirement Kit **SFN 53723**

2. The "membership termination date" is the last date the employee worked at your agency in an eligible position.
3. The "date of last regular paycheck" is the date of the employee's final regular paycheck. **DO NOT** include any lump sum payments of accrued annual leave or sick leave in a terminating employee's final "regular" paycheck.

PART D: PLAN INFORMATION

1. The employer must always complete this section.

PART E: AUTHORIZATION OF AUTHORIZED AGENT

1. The employer's authorized agent must always sign this section for the form to be valid.

FILING PROCEDURE: Original to NDPERS – Please retain a photocopy for your records.

**APPLICATION FOR REFUND OR DIRECT
ROLLOVER FOR TERMINATING EMPLOYEES**
SFN 53879

All instructions, terms and conditions are in the NDPERS Refund/Rollover Kit SFN 53725.

Administrative Code Chapter 71-02-01-01(24): "Termination of employment" means a severance of employment by not being on the payroll of a covered employer for a minimum of one month. Approved leave of absence does not constitute termination of employment.

A terminating employee MUST read the "Safe Harbor Explanation" regarding federal income tax on plan payments. Under Federal regulations, the "Safe Harbor Explanation" must be given to the terminating employee a **minimum of 30 days prior to a refund or rollover, but **not more than 120 days** prior. The date that the terminating employee signs the Application for Refund and Direct Rollover SFN 53725 will be the start of the "minimum 30 day notification requirement."**

Processing of refunds or rollovers will take approximately 60 to 90 days from the employee's last regular paycheck, depending on when the terminating employee signs his or her form and whether there is non-taxable income being rolled over. Refunds and rollovers are only issued on the first working day of each month.

If an employee does not leave a completed separation of employment kit with the authorized agent before leaving employment, the authorized agent should forward a copy of Notice of Status or Employment Change SFN 53611 to NDPERS, certifying that the employee's membership is terminated. NDPERS will then try to contact the employee to obtain a separation of employment kit.

If the above paragraph applies, a terminating member who has less than three (3) years of service credit shall be automatically **refunded his or her retirement monies, unless a completed separation of employment kit is otherwise submitted to NDPERS.**

FILING PROCEDURE: Original to NDPERS – Please retain a photocopy for your records.

APPLICATION FOR RETIREMENT BENEFITS – DEFERRED RETIREMENT SFN 2562

All instructions, terms and conditions are in the Deferred Retirement Kit SFN 53724.

N.D.A.C. Chapter 71-02-04-03 provides, in part: “.....Notwithstanding any other provision in this article, benefits must begin no later than April first of the calendar year after the calendar year in which the member retires or attains the age of seventy and one-half years, whichever is later. If the member is employed but ineligible for active participation in the retirement plan, the member’s benefits must begin no later than April first of the calendar year after the calendar year in which the member attains the age of seventy and one-half years. In the absence of a retirement application, benefits shall be paid based on a single life payment option. Benefits must be sent to the member’s last-known address. If the benefit checks are returned with no forwarding information, the benefits will remain in the fund, and will be distributed in a lump sum retroactive to the required beginning date upon location of the member.

N.D.A.C. 71-02-04-03.1 provides: “**Payment date - Retirement benefits for late retirees.** Except for retirement options provided in sections 71-02-04-02 and 71-02-04-03, for members who are terminated and older than the normal retirement age, but who have delayed or inadvertently failed to apply for retirement benefits, the regular accrued annuity benefits will commence with a lump sum equal to the amount of missed payments, without interest, retroactive to the normal retirement age unless otherwise approved by the North Dakota public employees retirement system board. There will be no retroactive payment for the retiree health insurance credit program.”

1. Whether vested or not, a member can leave his/her Member Account Balance intact with NDPERS and take a refund or rollover at a later date.
2. A vested member may elect a Deferred Vested Benefit. Under this option, he/she leaves his/her account with NDPERS and elects to receive a monthly benefit at a later date. The earliest age a member can begin to receive a monthly benefit is age 55 or Rule of 85, whichever happens first. Under the Deferred Vested Benefit Option, monthly benefits must begin no later than age 65 or the Rule of 85, whichever happens first. Interest continues to compound on the member’s Member Account Balance until monthly benefits begin.
3. **If deferring retirement**, the member should select a retirement option and a health credit option.
4. The member must indicate “yes” or “no” to the sick leave conversion question. If the member is converting (purchasing) accumulated sick leave to retirement credit, the member must enter the number of months expected to convert (purchase) to credit or indicate “all”.

If an employee does not leave a completed separation of employment kit with the authorized agent before leaving employment, the authorized agent should forward a copy of Notice of Status or Employment Change SFN 53611 to NDPERS, certifying that the employee's membership is terminated. NDPERS will then try to contact the employee to obtain a separation of employment kit.

If the above paragraph applies, a terminating member who has less than three (3) years of service credit shall be automatically refunded his or her retirement monies, unless a completed separation of employment kit is otherwise submitted to NDPERS.

FILING PROCEDURE: Original to NDPERS – Please retain a photocopy for your records.

APPLICATION FOR RETIREMENT BENEFITS

SFN 2562

All instructions, terms and conditions are in the NDPERS Retirement Kit SFN 53723.

N.D.C.C. Chapter 54-52-01(16): “Retirement” means the acceptance of a retirement allowance under this chapter upon either termination of employment or termination of participation in the retirement plan and meeting the normal retirement date.

ND Administrative Code Chapter 71-02-01-01(25): “Termination of employment” means a severance of employment by not being on the payroll of a covered employer for a minimum of one month. Approved leave of absence does not constitute termination of employment.

ND Administrative Code Chapter 71-02-01-01(26): "Termination of participation" means termination of eligibility to participate in the retirement plan.

N.D.C.C. Chapter 54-52-05 provides, in part: “....An employee who is eligible for normal retirement who accepts a retirement benefit under this chapter and who subsequently becomes employed with a participating employer other than the employer with which the employee was employed at the time the employee retired under this chapter may, before reenrolling in the retirement plan, elect to permanently waive future participation in the retirement plan and the retiree health program and maintain that employee's retirement status. An employee making this election is not required to make any future employee contributions to the public employees retirement system nor is the employee's employer required to make any further contributions on behalf of that employee.”

For Political Subdivisions: The ND Administrative Code Chapter 71-02-04-02.1 provides-“The termination date for purposes of processing an application for retirement benefits must be the last date for which a member receives salary except for a member who is on an approved leave of absence. For members who are paid salary in any month following actual separation from employment where the salary is received after the normal processing date, the termination date for purposes of processing the application must the same date as the date that the last paycheck was issued as salary.”

1. The date retirement benefits are to begin should always be the first of a month. Since a retirement effective date cannot begin during a month in which a contribution is received, the date should follow the last month of employment. The pension check will begin in the month following the final employer contribution.
2. A retiree who is under 65 and, **not** deferring the receipt of a pension to a later time, should indicate Early Retirement and indicate Rule of 85, if it applicable. A retiree who is 65 and older should indicate Normal Retirement.
3. The retiree **must** select one Health Credit Option at the time of termination/retirement whether the retiree will, or will not, participate in the NDPERS Group Health Insurance Plan.
4. The retiree **must** indicate “yes” or “no” to the sick leave conversion question. If the retiree is converting (purchasing) accumulated sick leave to retirement credit, the retiree must enter the number of months expected to convert (purchase) to credit or indicate “all”.

The retiree **must submit a copy of his or her birth certificate, and if married, spouse’s birth certificate and marriage certificate. Certified copies not necessary if the certification is shown on a photocopy.**

If a retiring employee wishes to have his or her **annuity payment deposited directly into a checking or savings account, the employee and the financial institution must complete and return an Authorization for Direct Deposit for Annuity Payments SFN **18379**. The authorization form by the 10th of the month prior to the month in which payment will be made. **Direct deposit forms received after the 10th will be delayed and effective one month later.** [NDPERS cannot accept alternate direct deposit forms.]**

FILING PROCEDURE: Original to NDPERS – Please retain a photocopy for your records.

APPLICATION FOR DISABILITY RETIREMENT

SFN 18000

All instructions, terms and conditions are in the NDPERS Disability Retirement Kit SFN 53726.

N.D.C.C. Chapter 54-52-01(14): “Retirement” means the acceptance of a retirement allowance under this chapter upon termination of employment.

N.D.C.C. Chapter 54-52-17(f) provides, in part: “...a member is eligible to receive disability retirement benefits only if the member: (1) became disabled during the period of eligible employment; and (2) applies for disability retirement benefits within **12 months of the date the member terminates employment.**”

ND Administrative Code Chapter 71-02-01-01(24): “Termination of employment” means a severance of employment by not being on the payroll of a covered employer for a minimum of one month. Approved leave of absence does not constitute termination of employment.

For Political Subdivisions: The ND Administrative Code **Chapter 71-02-04-02.1** provides- “The termination date for purposes of processing an application for retirement benefits must be the last date for which a member receives salary except for a member who is on an approved leave of absence. For members who are paid salary in any month following actual separation from employment where the salary is received after the normal processing date, the termination date for purposes of processing the application must be the same date as the date that the last paycheck was issued as salary.”

1. The date disability retirement benefits are to begin should always be the first of a month. Since an effective date cannot begin during a month in which a contribution is received, the date should follow the last month of employment. The pension check will begin in the month following the final employer contribution.
2. Application for long term disability benefits can be submitted up to four (4) month prior to a member’s actual date of termination of employment.
3. The disability applicant must select **one** of the Retirement options.
4. The disability applicant **must** select one Health Credit Option at the time of termination/retirement whether the retiree will, or will not, participate in the NDPERS Group Health Insurance Plan.

The disability applicant **must submit** a copy of his or her birth certificate, and if married, spouse’s birth certificate and marriage certificate. Certified copies not necessary if the certification is shown on a photocopy.

If a disability retiree wishes to have his or her **annuity** payment deposited directly into a checking or savings account, the employee and the financial institution must complete an Authorization for Direct Deposit for Annuity payments **SFN 18379** by the 10th of the month prior to the month in which payment will be made. Direct deposit forms received after the 10th will be delayed and effective one month later. NDPERS cannot accept alternate direct deposit forms.

FILING PROCEDURE: Original to NDPERS – Please retain a photocopy for your records.

APPLICATION FOR SURVIVING SPOUSE BENEFITS

SFN 52254

All instructions, terms and conditions will be provided by the NDPERS office upon notice of death. To notify NDPERS of an active employee's death (single or married), complete a Notice of Status or Employment Change SFN 53611.

The surviving spouse of a deceased active employee, who has three (3) or more years of credited service, is entitled to select among three (3) surviving spouse benefit options. A Surviving Spouse of a deceased active employee, who has less than three (3) years of credited service, is entitled Option 1 only.

Option 1: A lump sum distribution of the member's retirement account. This includes employee's contributions, any vested employer contributions, and accrued interest. The spouse must also select how the payment is to be distributed. **If the benefit is paid direct, the taxable portion will be subject to the 20% federal withholding requirement. If a direct rollover is selected, PART C must be completed also. NDPERS DOES NOT ACCEPT ROLLOVERS INTO NDPERS ACCOUNTS.**

Option 2: Five-Year payment (60 months) in an amount equal to what the deceased employee would have received as an unreduced Single Life Benefit. The spouse must also select how the payment is to be distributed. **If the benefit is paid direct, the taxable portion of the monthly benefit payment not rolled over would be subject to the 20% federal withholding requirement each month. If a direct rollover is selected, PART D must also be completed. NDPERS DOES NOT ACCEPT ROLLOVERS INTO NDPERS ACCOUNTS.**

Option 3: Lifetime Benefit equal to one-half of the Single Life Benefit the deceased employee would have received at age 65.

The surviving spouse **must submit** a copy of his or her birth certificate, spouse's birth certificate, and marriage certificate. Certified copies not necessary if the certification is shown on a photocopy.

The surviving spouse must submit a **certified** copy of the Certificate of Death. If there is no life insurance, the certified copy will be returned after the member's account has been processed.

NDPERS is required to send the IRS "Special Tax Notice Regarding Plan Payments" to recipients of eligible rollover distributions a minimum of 30 days, but not more than 120 days prior to a distribution.

If a surviving spouse wishes to have his or her **beneficiary** payment deposited directly into a checking or savings account, the surviving spouse and the financial institution must complete and an Authorization for Direct Deposit for Annuity Payments SFN **18379** by the 10th of the month prior to the month in which payment will be made. Direct deposit forms received after the 10th will be delayed and effective one month later. [NDPERS cannot accept alternate direct deposit forms.]

FILING PROCEDURE: Original to NDPERS – Please retain a photocopy for your records.

EMPLOYER PAYMENT PLAN

SFN 52799

General Information

State law requires that employee contributions be paid on an after-tax basis (Basic Model) unless the employer elects to pay the employee contributions on a tax deferred basis. Section 414(h)(2) of the Internal Revenue Code (IRC) and subsection 3 of section 54-52-05 of the North Dakota Century Code allow for employee contributions to a qualified retirement plan, such as NDPERS, to be made on a tax deferred basis. Tax deferred means that the contributions are not taxed as income to the employee at the time they are made, rather they are taxed at the time the employee receives a distribution from the retirement plan. Presently, the State of North Dakota is paying the 4% employee contribution for state employees on a tax-deferred basis, in lieu of a salary increase (Model 2).

The IRC states that in order to pay employee contributions on a tax deferred basis, the contributions must be "picked-up" by the employer and treated as employer contributions. Employee contributions are considered to be "employer" contributions, and thus tax deferred, in the following instances:

- Model 1: Salary reduction - The employee contribution is deducted from the employee's paycheck and deducted from the employee's gross wages when computing federal withholding.
- Model 2: Offset against future salary increase - The employer is paying the employee contribution.
- Model 3: Combination of Models 1 and 2.

Any specific questions concerning the tax status or Social Security status of member assessments should be directed to the IRS or Social Security Administration (SSA) since any penalties levied by those agencies for improper reporting are the liability of the employer, not NDPERS.

Requirements

Employer payment of employee contributions is allowed under the following conditions:

1. Employer must specify the Model they are following by completing the Employer Payment Plan **SFN 52799**. If a model is not elected, the employer will deduct the employee contributions from the employee's paycheck, but will not deduct the contributions from gross wages when computing federal withholding (Basic Model).

2. The employee must not have the option of choosing to receive the contributed amounts directly instead of having them paid by the employer to the retirement plan. **EMPLOYEES MAY NOT BE PROVIDED INDIVIDUAL ELECTIONS TO OPT IN OR OUT OF THE TAX DEFERRED ARRANGEMENT. THIS IS SOLELY AN EMPLOYER ELECTION FOR ALL PARTICIPATING EMPLOYEES.**
3. The employer **must** treat all employees covered under NDPERS equally.
4. The employer shall pay the employee contributions from the same source of funds used in paying compensation to the employee.
5. Employer **must** report employee contributions paid on a tax-deferred basis on the NDPERS Transmittal of Deduction form as outlined in the Models.

Effective Date

Initial Election: The initial election to tax defer contributions will be effective in the month adopted by the employer, however, the effective date can not be earlier than the month the election form is received by NDPERS.

Changes to Election: A change to increase or decrease the percentage of contributions being tax deferred may be made anytime and will become effective in the month adopted by the employer, however, the effective date can not be earlier than the month the election is received by NDPERS.

FILING PROCEDURE: Original to NDPERS – Please retain a photocopy for your records.

BASIC MODEL

EMPLOYER WITHHOLDS AND REMITS TAXED MEMBER CONTRIBUTIONS

Under the Basic Model, employee contributions are paid on an after-tax basis. This means the employee contributions are taxable to the employee in the year the contributions are made. When preparing payroll, the employee contributions are withheld from the employee's salary; however, the amount of the contributions **does not** reduce the employee's salary when calculating federal and state income tax withholding. It also **does not** reduce the salary amount reported on the W-2 tax form.

When reporting contributions on the NDPERS transmittal of deduction (SFN 51414), the employer retirement contribution of 4.12% and the retiree health insurance credit contribution of 1.0% are reported on Line (4) "Employer Portion Paid By Employer." The 4.0% employee contribution is reported on Line (1) "Employee Portion Paid by Employee (After-Taxes)".

EXAMPLE

Base Salary	\$20,000
<u>SALARY FOR RETIREMENT PURPOSES</u>	<u>\$20,000</u>
Employee Contribution Due (\$20,000 x 4.0%)	\$ 800
Employer Contribution Due (\$20,000 x 5.12%)	\$ 1,024
Taxable Salary Reported to IRS- subject to income tax withholding (Report in Box 1 of W-2 Form)	\$20,000
Taxable Salary Reported to SSA- subject to social security and Medicare withholding (Report in Box 3 and Box 5 of W-2 Form)	\$20,000

☞ For all employees participating in the PERS Retirement Plan, mark "Retirement Plan" in Box 13 of W-2 Form.

MODEL 1

EMPLOYER WITHHOLDS AND REMITS ALL OR A PORTION OF THE MEMBER CONTRIBUTIONS UNDER A SALARY REDUCTION AGREEMENT

This means the employee contributions are tax deferred until the employee withdraws them from the retirement plan. When preparing payroll, the employee contributions are withheld from the employee's salary, and the amount of the contribution is subtracted from the employee's salary when calculating federal and state income tax withholding. The salary amount reported on the W-2 form is also reduced by the amount of the employee contributions. This model outlines how an employer should report salaries and contributions when an employee's contributions are being made on a tax deferred basis under a salary reduction agreement. Any portion of the employee's contribution can be tax deferred. The examples below show partial and total payment of contributions under a salary reduction agreement. When reporting contributions on the NDPERS transmittal of deduction (SFN 51414), the employer retirement contribution of 4.12% and the retiree health insurance credit contribution of 1.0% are reported on Line (4) "Employer Portion Paid By Employer." The reporting of the 4.0% employee contribution will depend on whether or not the contribution is being made on a tax-deferred basis.

EXAMPLE 1 – EMPLOYER DEDUCTS ONE-HALF OF THE EMPLOYEE CONTRIBUTION THROUGH A SALARY REDUCTION AGREEMENT

Base Salary	\$20,000	
<u>SALARY FOR RETIREMENT PURPOSES</u>	<u>\$20,000</u>	
Employee Contribution Due (\$20,000 x 4.0%)	\$ 800	
Employer Contribution Due (\$20,000 x 5.12%)	\$ 1,024	
Employee Contribution Tax Deferred Through A Salary Reduction Agreement (Report on SFN 51414, Line (2) "Employee Portion Paid by Employee – Tax Deferred")	\$ 400	
Employee Contribution Paid By Employee (Report on SFN 51414, Line (1) "Employee Portion Paid by Employee – After Taxes")	\$ 400	
Taxable Salary Reported to IRS- subject to income tax withholding (Report in Box 1 of W-2 Form)	\$19,600	(\$20,000 - \$400)
Taxable Salary Reported to SSA- subject to social security and Medicare withholding (Report in Box 3 and Box 5 of W-2 Form)	\$20,000	

☞ For all employees participating in the PERS Retirement Plan, mark “Retirement Plan” in Box 13 of W-2 Form.

EXAMPLE 2 – EMPLOYER AGREES TO DEDUCT ALL EMPLOYEE CONTRIBUTIONS THROUGH A SALARY REDUCTION AGREEMENT.

Base Salary	\$20,000	
<u>SALARY FOR RETIREMENT PURPOSES</u>	<u>\$20,000</u>	
Employee Contribution Due (\$20,000 x 4.0%)	\$ 800	
Employer Contribution Due (\$20,800 x 5.12%)	\$ 1,024	
Employee Contribution Tax Deferred Through A Salary Reduction Agreement (Report on SFN 51414, Line (2) "Employee Portion Paid by Employee – Tax Deferred")	\$ 800	
Taxable Salary Reported to IRS- subject to income tax withholding (Report in Box 1 of W-2 Form)	\$19,200	(\$20,000 - \$800)
Salary Reported to SSA- subject to social security and Medicare withholding (Report in Box 3 and Box 5 of W-2 Form)	\$20,000	

☞ For all employees participating in the PERS Retirement Plan, mark “Retirement Plan” in Box 13 of W-2 Form.

MODEL 2

EMPLOYER PAYS ALL OR A PORTION OF THE MEMBER CONTRIBUTIONS IN LIEU OF A SALARY INCREASE

This means the employee contributions are tax deferred until the employee withdraws them from the retirement plan. The employer pays the employee contributions, so when preparing payroll, the contributions are not withheld from the employee's salary and they do not affect the employee's salary when calculating federal and state income tax withholding. The contributions also do not affect the salary amount reported on the W-2 form. This model outlines how an employer should report salaries and contributions when an employer pays the employee contributions in lieu of a salary increase. The employer can pay any portion of the employee contribution. The examples below show partial and total payment of contributions in lieu of a salary increase. When reporting contributions on the NDPERS transmittal of deduction (SFN 51414), the employer retirement contribution of 4.12% and the retiree health insurance contribution of 1.0% are reported on Line (4) "Employer Portion Paid By Employer." The reporting of the 4.0% employee contribution will depend on whether or not the contribution is being made on a tax-deferred basis.

EXAMPLE 1 - EMPLOYER AGREES TO PAY ONE-HALF OF THE EMPLOYEE CONTRIBUTIONS IN LIEU OF A SALARY INCREASE

Base Salary	\$20,000
<u>SALARY FOR RETIREMENT PURPOSES</u>	<u>\$20,000</u>
Employee Contribution Due (\$20,000 x 4.0%)	\$ 800
Employer Contribution Due (\$20,000 x 5.12%)	\$ 1,024
Employee Contribution Paid by Employer in Lieu of Salary Increase (Report on SFN 51414, Line (3) "Employee Portion Paid by Employer – Tax- Deferred")	\$ 400
Employee Contribution Paid by Employee (Report on SFN 51414, Line (1) "Employee Portion Paid by Employee – After Taxes")	\$ 400
Taxable Salary Reported to IRS- subject to income tax withholding (Report in Box 1 of W-2 Form)	\$20,000
Taxable Salary Reported to SSA- subject to social security and Medicare withholding (Report in Box 3 and Box 5 of W-2 Form)	\$20,000

☞ For all employees participating in the PERS Retirement Plan, mark "Retirement Plan" in Box 13 of W-2 Form.

EXAMPLE 2 - EMPLOYER AGREES TO PAY ALL EMPLOYEE CONTRIBUTIONS IN LIEU OF A SALARY INCREASE

Base Salary	\$20,000
<u>SALARY FOR RETIREMENT PURPOSES</u>	<u>\$20,000</u>
Employee Contribution Due (\$20,000 x 4.0%)	\$ 800
Employer Contribution Due (\$20,000 x 5.12%)	\$ 1,024
Employee Contributions Paid by Employer in Lieu of Salary Increase (Report on SFN 51414, Line (3) "Employee Portion Paid by Employer – Tax Deferred")	\$ 800
Taxable Salary Reported to IRS- subject to income tax withholding (Report in Box 1 of W-2 Form)	\$20,000
Taxable Salary Reported to SSA- subject to social security and Medicare withholding (Report in Box 3 and Box 5 of W-2 Form)	\$20,000

☞ For all employees participating in the PERS Retirement Plan, mark "Retirement Plan" in Box 13 of W-2 Form.

MODEL 3

EMPLOYER WITHHOLDS AND REMITS A PORTION OF THE MEMBER CONTRIBUTIONS UNDER A SALARY REDUCTION AGREEMENT AND PAYS A PORTION OF THE MEMBER CONTRIBUTIONS IN LIEU OF A SALARY INCREASE

This model outlines how an employer should report salaries and contributions when a combination of a salary reduction agreement and an offset against a future salary increase is used. When reporting contributions on the NDPERS transmittal of deduction (SFN 51414), the employer retirement contribution of 4.12% and the retiree health insurance contribution of 1.0% are reported on Line (4) "Employer Portion Paid By Employer." The reporting of the 4.0% employee contribution depends on whether or not the contribution is being made on a tax- deferred basis.

EMPLOYER AGREES TO PAY THREE PERCENT OF THE EMPLOYEE CONTRIBUTIONS IN LIEU OF A SALARY INCREASE, AND ONE PERCENT OF THE EMPLOYEE CONTRIBUTION IS DEDUCTED UNDER A SALARY REDUCTION AGREEMENT

Base Salary	\$20,000	
<u>SALARY FOR RETIREMENT PURPOSES</u>	<u>\$20,000</u>	
Employee Contributions Due (\$20,000 x 4.0%)	\$ 800	
Employer Contributions Due (\$20,000 x 5.12%)	\$ 1,024	
Employee Contributions Paid by Employer in Lieu of Salary Increase (\$20,000 x 3.0%) (Report on SFN 51414, Line (3) "Employee Portion Paid by Employer – Tax Deferred")	\$ 600	
Employee Contributions Tax deferred through a Salary Reduction Agreement (\$20,000 x 1.0%) (Report on SFN 51414, Line (2) "Employee Portion Paid by Employee – Tax Deferred")	\$ 200	
Taxable Salary Reported to IRS- subject to income tax withholding (Report in Box 1 of W-2 Form)	\$19,800	(\$20,000 - \$200)
Taxable Salary Reported to SSA- subject to social security and Medicare withholding (Report in Box 3 and Box 5 of W-2 Form)	\$20,000	

☞ For all employees participating in the PERS Retirement Plan, mark "Retirement Plan" in Box 13 of W-2 Form.

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
TRANSMITTAL OF DEDUCTION
SFN 51414

This form is used to report retirement contributions to the Defined Benefit and Defined Contribution Retirement Plans by any agency that is not on the Central Payroll System. Retirement contributions must be reported for all permanent employees who work at least 20 hours a week for at least five or more months, or at least 20 weeks, of their employment year. This form must be completed by the employer and returned to the NDPERS office by the 8th of each month.

INFORMATION PROVIDED BY NDPERS:

- Day the transmittal form was printed.
- Page number.
- Payroll month for which contributions are being reported.
- Date by which the transmittal must be returned to the NDPERS office.
- Name of employer.
- Employer department number (assigned by NDPERS).
- Name and social security numbers of employees who are currently enrolled in the Defined Benefit or Defined Contribution Retirement Plan as of the date the transmittal was printed.

INFORMATION PROVIDED BY EMPLOYER:

The transmittal form provided to NDPERS contains information which we must retain permanently. To help us retain a quality record, we ask that you remember the following when completing your transmittal form each month:

1. Type or print legibly. Black ink is preferred.
2. Do not use pencil.
3. Calculate and complete the Totals for column A and column B in the designated area.
4. Calculate and complete the Employee and Employer contributions totals at the bottom of the Transmittal form in the designated area.
5. Record Total Remittance Amount in the designated area

If you are submitting a computer-generated report in place of the PERS transmittal form, please remember the following:

1. Reports printed on plain white paper are preferred.
2. Make sure reports are not printed when the printer ribbon is in need of being replaced. It is very difficult to read reports with light printing.

COLUMN A

Report **only** the current month's gross salary for each listed employee. Salary or wages includes the actual dollar compensation paid to an employee. The following is a clarification as to what is considered salary or wages for retirement contribution purposes:

- Amounts deducted from a member's salary at the member's option to a qualified Section 125 cafeteria plan (FlexComp), 401(k) plan, 403(b) or 457 plan are part of wages or salary when calculating retirement contributions.
- Employee contributions tax deferred under a salary reduction agreement do not reduce wages or salary when calculating retirement contributions.
- Amounts contributed by the employer to a qualified Section 125 cafeteria plan, 401(k), 403(b), or 457 plan are not part of wages or salary when calculating retirement contributions.
- Salary does not include fringe benefits such as payments of accumulated sick leave, reimbursements for annual leave, housing allowances, transportation expenses, comp time, overtime pay, early retirement incentive pay, severance pay, medical insurance, workers compensation benefits, disability insurance premiums or benefits or salary received by a member in lieu of previous employer provided fringe benefits.
- Performance bonuses may be considered salary if reported and annualized over the time period it is earned. Employee recruitment or retention bonuses are not considered salary for retirement contribution purposes.

The following guidelines apply to reporting salary/wages and contributions for employees who may have special employment arrangements:

- **Employed Under a Full-Time Contract or Written Agreement.** Retirement contributions must be paid on all work performed within the contract or agreement arrangement. Duties performed outside these arrangements will be considered incidental and similar to overtime and, therefore, excluded for retirement contribution purposes.
If an employee works in several capacities for the same employer and does not have any contract or written agreement, and the sum of hours meets eligibility guidelines, a retirement contribution should be made on all wages earned, excluding overtime.
- **Employed in Same Occupation by More Than One Participating Employer.** If total number of hours worked for all employers combined is at least 20 hours a week for at least five or more months, or at least 20 weeks, of their employment year, each participating employer must report the wages earned and pay the required retirement contribution.
- **Employed in Different Occupation by More Than One Participating Employer.** Hours worked in unrelated jobs may not be combined to meet eligibility requirements. Each job should be evaluated separately and if the individual works at least 20 hours a week for at least five or more months, or at least 20 weeks, of their employment year, each employer must report the wages earned and pay the required retirement contribution.
- **For seasonal employees who work less than 12 months a year:**
 1. If salary is paid over a time period greater than an employee's actual physical time at work, a formal salary agreement/contract between employer and employee must be in place and documented on the employer's records. If this salary arrangement is not formalized, then an employer must report total eligible salary during the time period an employee is physically at work only.
 2. If salary is paid over a 12 month period for a 9, 10, or 11 month seasonal employee and the salary arrangement is formalized by agreement/contract, then the salary must be remitted to PERS for the agreed contract period.
 3. If at the end of a school year an employee receives a lump sum salary in a month for excess eligible salary for the preceding school year, the salary must be annualized over the agreed contract period or time period physically at work depending on if a salary arrangement is in place or not.

COLUMN B

Compensation such as bonuses, retroactive pay adjustments, adjustments to salary for months other than the current month, or for months when no contributions were made are reported in this column. Wages paid in a lump sum for duties performed over a period longer than one month are also reported in this column.

All salary adjustments entered in Column B must be substantiated by including a letter of explanation with your transmittal. The letter must contain the following information:

- Name and social security number of the employee.
- Brief description of reason for miscellaneous pay.
- A listing of the specific month(s) and dollar amount(s) broken out by month.

It is important that salaries be reported for the correct month and for the correct amount. Inaccurate salary reporting can adversely affect an employee's months of credited service and final average salary calculation.

A sample of an explanation is shown below:

<u>NAME</u>	<u>SSN</u>	<u>MO/YR</u>	<u>SALARY</u>
John Doe	123-45-6789	02/05	\$1,904.00
John Doe	123-45-6789	03/05	\$1,856.00

Contributions for John Doe were mistakenly omitted for the months of February and March, 2005.

Total Columns A and B and enter the amounts in the spaces provided. If you have a multiple page report, enter totals on the last page only.

CALCULATION OF CONTRIBUTION

The employee contribution rates are preprinted on lines 1-3 and are based on information currently on file with the NDPERS office. **The PERS office must be notified in writing if the employee contribution is being made on a tax deferred basis. See Employer Payment Plan information provided previously.**

- Line 1.** Sum the totals entered for columns A & B and multiply times the percent on line 1. Enter the result in the space provided. Only contributions that are being deducted from the employee's paycheck, but not deducted from gross wages when computing federal withholding, are reported on this line. NDPERS will record these contributions as already taxed when they are posted to the employee's account. These amounts will not be taxable to the employee when withdrawn from the retirement system.

Line 2. Sum the totals entered for columns A & B and multiply times the percent on line 2. Enter the result in the space provided. Only contributions that are being deducted from the employee's paycheck, and are deducted from gross wages before computing federal withholding, are reported on this line. PERS will record these contributions as not being taxed when they are posted to the employee's account. These amounts will be taxable to the employee when withdrawn from the retirement system.

Line 3. Sum the totals entered for columns A & B and multiply times the percent on line 3. Enter the result in the space provided. Only employee contributions that are paid by the employer are reported on this line. PERS will record these contributions as not being taxed when they are posted to the employee's account. These amounts will be taxable to the employee when withdrawn from the retirement system.

Line 4. Sum the totals entered for columns A & B and multiply times 5.12% and record result.

Total Remittance Amount. Enter the total of Lines 1-4. This total should equal the amount of the check(s) being remitted. PERS will determine which contributions are for the Defined Benefit Retirement Plan participants based upon the enrollment form on file with PERS.

The remittance enclosed with your retirement transmittal should be for retirement contributions only. Do not include deferred comp deductions, group insurance premiums or any other payments for NDPERS programs in which you may participate.

Signature of Preparer. Signature of person who completed the transmittal of deduction form.

PLEASE VERIFY THE ACCURACY OF ALL CALCULATIONS

HELPFUL HINTS: To help detect computation errors on transmittal forms prior to sending them to NDPERS:

1. Verify the accuracy of the totals for the salary column and for the miscellaneous pay column.
2. Multiply the column totals by the percentages on lines 1, 2 and 3 to see that they agree with the amounts entered.
2. For a quick check to see if the contributions have been calculated correctly, add the totals on Line 1-3 and multiply the sum times 1.28. The result of this calculation should be within a few cents of the total of the

employer contribution on line 4.

ADDITIONAL COMMENTS

A. ADDING AN EMPLOYEE TO THE TRANSMITTAL

If PERS has not received a Defined Benefit Retirement Membership Application **SFN 2561** prior to sending out the transmittal, an employee's name will not be on the transmittal. To report contributions, you will need to enter the employee's full name, social security number and salary amount in the appropriate columns. **Form SFN 2561 must be completed and accompany the transmittal for any new member you are adding, or must be sent by the end of the month for which the member is being enrolled. Contributions will be returned if form SFN 2561 is not received by NDPERS.**

B. DELETING AN EMPLOYEE FROM THE TRANSMITTAL

The employee's name and social security number will not appear on the transmittal form if one of the following forms has been received by NDPERS:

- a. Notice of Status or Employment Change **SFN 53611**
- b. Notice of Transfer form, found in the Transfer Kit **SFN 53728**

If a terminated employee's name appears on the transmittal, draw a line through the name and social security number. Before deleting an employee's name, please ensure no further contributions are payable. The appropriate form must be completed and sent to the PERS office for any member who is terminating or transferring employment.

C. EMPLOYEE WITH NO CONTRIBUTION FOR THE CURRENT MONTH

If an employee is enrolled in the retirement system but no contribution will be paid for the current month, leave the employee's name and social security number as reported and leave the salary columns blank (i.e. do not put zeros in the amount columns). A Notice of Status or Employment Change SFN 53611 or Notice of Irregular Salary or No Deposit SFN 53707 indicating the reason for the missed contribution must be submitted.

If NDPERS does not receive proper documentation for a missed contribution, you will receive a report indicating the name of the employee for whom no contribution was received and a request for completion of the Notice of Irregular Salary or No Deposit SFN 53707. To save time, documentation should be submitted with the transmittal.

D. ALTERNATE METHODS OF REPORTING

In lieu of completing the transmittal form prepared by NDPERS, the following options are available, subject to NDPERS approval:

1. Reports generated from an employer's computerized payroll system may be substituted for the NDPERS generated transmittal form. You must provide NDPERS with a sample of your computer generated report for approval before you may discontinue using the NDPERS transmittal.
2. NDPERS allows transmittal information to be submitted electronically via secure file transfer over the internet. If you are interested in this reporting option, please contact the NDPERS office.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
TRANSMITTAL OF DEDUCTION
PART-TIME/TEMPORARY EMPLOYEES
SFN 51415**

This form is used to report retirement contributions by any agency that has a part-time/temporary employee electing to participate in NDPERS. This form must be completed by the employer and returned to the NDPERS office by the 8th of each month.

INFORMATION PROVIDED BY NDPERS:

- Day the transmittal forms were printed.
- Page number.
- Payroll period for which contributions are being reported.
- Date by which the transmittal must be returned to the NDPERS office.
- Name of employer.
- Employer department number (assigned by NDPERS).
- Names and social security numbers of part-time/temporary employees who are currently enrolled in the Public Employees Retirement System as of the date the transmittal was printed.
- Last contribution date. This is the month for which the last contribution was received.

INFORMATION PROVIDED BY EMPLOYER

The transmittal form provided to NDPERS contains information which we must retain permanently. To help us retain a quality record, we ask that you remember the following when completing your transmittal form each month:

1. Type or print legibly. Black ink is preferred.
2. Do not use pencil.
3. Calculate and complete the totals for the Monthly Salary column and the Contribution column.

If you are submitting a computer-generated report in place of the NDPERS transmittal form, please remember the following:

1. Reports printed on plain white paper are preferred.
2. Make sure reports are not printed when the printer ribbon is in need of being replaced. It is very difficult to read reports with light printing.

Monthly Salary: Enter the employee's monthly salary. Use the same guidelines you would use for a permanent employee when determining salary and wages for retirement contribution purposes.

Enter the total of the monthly salaries in 1a in the Department Totals section.

9.12% of Salary: Compute 9.12% of the monthly salary. A part-time/temporary employee is required to pay the total 9.12% contribution. It will be the employer's responsibility to collect contributions from the employee and remit them to the PERS office by the due date printed on the transmittal. An employer is not allowed to pay any portion of a part-time/temporary employee's contribution.

Enter the total of the contributions in 1b in the Department Totals section.

PLEASE VERIFY THE ACCURACY OF ALL CALCULATIONS

ADDITIONAL COMMENTS

A. ADDING AN EMPLOYEE TO THE TRANSMITTAL

If PERS has not received the Defined Benefit Retirement Membership Application SFN 2561 and Participation/Waiver of Participation for Optional Defined Benefit Retirement Plan SFN 17627 prior to sending out the transmittal, an employee's name will not be on the transmittal. To report contributions, you will need to enter the employee's full name, social security number, salary, and contribution amount in the appropriate columns. **Forms SFN 2561 and SFN 17627 must be completed and accompany the transmittal for any new member you are adding, or must be sent by the end of the month for which the member is being enrolled. Contributions will be returned if these forms are not received by PERS.**

B. DELETING AN EMPLOYEE FROM THE TRANSMITTAL

The employee's name and social security number will not appear on the transmittal form if one of the following forms has been received by NDPERS:

- a. Notice of Status or Employment Change **SFN 53611**
- b. Notice of Transfer **SFN 53706**

If a terminated employee's name appears on the transmittal, draw a line through the name and social security number. Before deleting an employee's name, please ensure no further contributions are payable. The appropriate form must be completed and sent to the PERS office for any member who is terminating or transferring employment.

C. EMPLOYEE WITH NO CONTRIBUTION FOR THE CURRENT MONTH

If an employee is enrolled in the retirement system but no contribution will be paid for the current month, leave the employee's name and social security number as reported and leave the salary columns blank (i.e. do not put zeros in the amount columns). A Notice of Status or Employment Change SFN 53611 or Notice of Irregular Salary or No Deposit SFN 53707 indicating the reason for the missed contribution must be submitted.

If NDPERS does not receive proper documentation for a missed contribution, you will receive a report indicating the name of the employee for whom no contribution was received and a request for completion of the Notice of Irregular Salary or No Deposit SFN 53707. To save time, documentation should be submitted with the transmittal.

Contributions delinquent over 30 days, for reasons other than leave of absence, will result in termination of eligibility to participate as a part-time/temporary member the remainder of the plan year which runs from July 1 through June 30.

NOTICE OF IRREGULAR SALARY OR NO DEPOSIT

SFN 53707

If an employee is enrolled in the retirement system but no contribution will be paid for the current month, a Notice of Status or Employment Change SFN 53611 or Notice of Irregular Salary or No Deposit SFN 53707 indicating the reason for the missed contribution must be submitted.

If NDPERS does not receive proper documentation for a missed contribution, you will receive a report indicating the name of the employee for whom no contribution was received and a request for completion of the Notice of Status or Employment Change SFN 53611 or Notice of Irregular Salary or No Deposit SFN 53707. To save time, documentation should be submitted with the transmittal.

If an employee is enrolled in the retirement system but has a salary adjustment, a Notice of Status or Employment Change SFN 53611 or Notice of Irregular Salary or No Deposit SFN 53707 indicating the reason for the irregular salary must be submitted.

If NDPERS does not receive proper documentation for an irregular salary, you will receive a report indicating the name of the employee and a request for completion of the Notice of Status or Employment Change SFN 53611 or Notice of Irregular Salary or No Deposit SFN 53707. To save time, documentation should be submitted with the transmittal.

For instructions on completing the form, please refer to the back of the form.

Complete a Notice of Status or Employment Change SFN 53611 to document:

- Employee leave of absence/leave without pay
- Extending leave of absence/leave without pay
- Employee's return from leave of absence
- Employee classification change within agency
- Employee's reduction in hours
- Employee's separation from employment

Complete a Notice of Irregular Salary or No Deposit SFN 53707 to document:

1. An irregular salary
2. A missed retirement contribution
3. A seasonal employee's salary agreement
4. To direct an adjustment to a previously posted salary(ies)
5. To initiate a bill to your agency for a missed contribution

FILING PROCEDURE: Original to NDPERS – Please retain a photocopy for your records.